



# SIXTY-THIRD ANNUAL REPORT

THE CROW'S NEST PASS COAL COMPANY,  
LIMITED

FERNIE, BRITISH COLUMBIA

ESTABLISHED 1897



FOR THE YEAR ENDING DECEMBER 31, 1959





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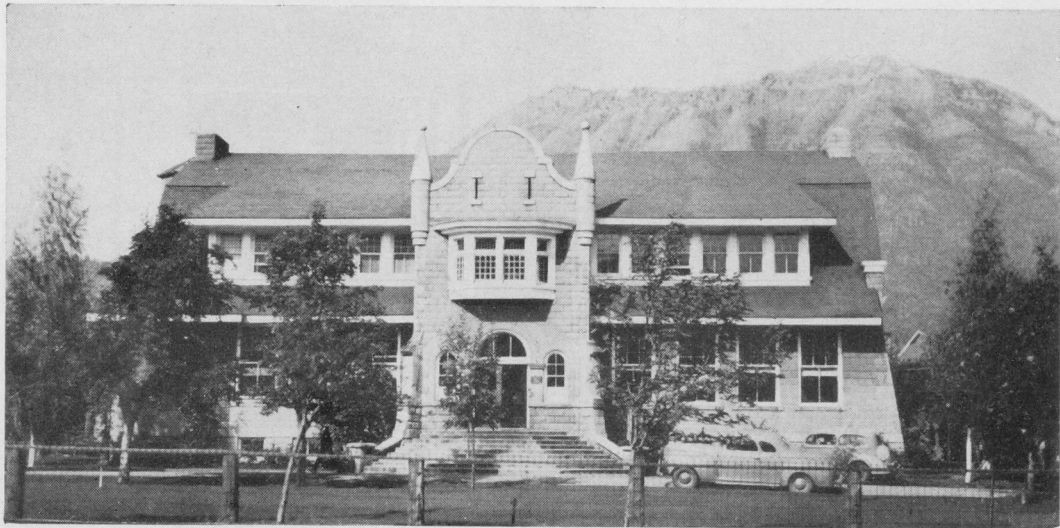
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# SIXTY-THIRD ANNUAL REPORT

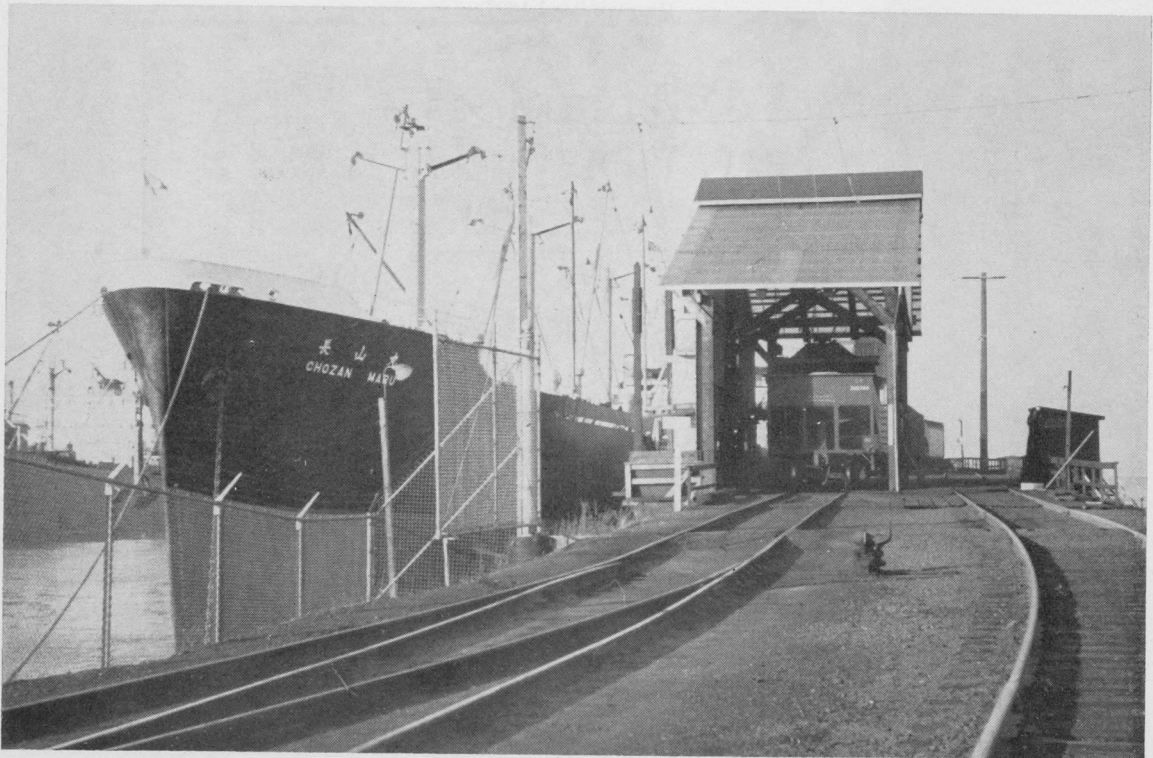
THE CROW'S NEST PASS COAL COMPANY, LIMITED  
FERNIE, BRITISH COLUMBIA

(Incorporated 1897)



HEAD OFFICE, FERNIE, B.C.

YEAR 1959



VESSEL LOADING MICHEL COAL FOR EXPORT TO JAPAN



## BOARD OF DIRECTORS

	*Thomas Balmer	
T. G. Ewart	†Thomas F. Gleed	Welles V. Moot
C. A. Eckart	F. D. Pratt	D. M. Mitchell
	C. O. Jenks	

## EXECUTIVE COMMITTEE

	*Thomas Balmer, <i>Chairman</i>	
	†Thomas F. Gleed, <i>Chairman</i>	
T. G. Ewart		F. D. Pratt
D. M. Mitchell		C. A. Eckart

## OFFICERS

T. G. Ewart.....	President
*Thomas Balmer.....	First Vice-President
†Thomas F. Gleed.....	First Vice-President
F. D. Pratt.....	Second Vice-President
W. R. Prentice.....	Secretary
D. M. Mitchell.....	Assistant Secretary
J. F. Cleeve.....	Treasurer
J. Littler.....	General Superintendent
Harvey, Morrison & Co.....	Auditors

## TRANSFER AGENTS

The Toronto General Trusts Corporation, Toronto, Ont.  
Bankers Trust Company, New York, N.Y.

## REGISTRARS

National Trust Company, Limited, Toronto, Ont.  
The Hanover Bank, New York, N.Y.

\*Died August 1st, 1959

†Appointed August 4th, 1959

# REPORT OF THE PRESIDENT

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Fernie, British Columbia, March 15, 1960

*To the Shareholders of The Crow's Nest Pass Coal Company, Limited:*

We submit herewith the sixty-third Annual Report of your Company for the year ended December 31, 1959, together with Balance Sheet and Statements of Income and Surplus certified by your Auditors, Harvey, Morrison & Co.

## INCOME

Net profit after provision for taxes and depreciation was \$378,400.37. This is a decrease of \$104,500.51 from the previous year. Included in the profit from operations is a credit of \$113,770.21, representing an adjustment of materials and supplies on hand at the year end.

## DIVIDENDS

Distribution to shareholders during the year amounted to \$372,708.00, which is equivalent to 60 cents per share on the \$10 par value shares of the Company. Net earnings during the year, 1959, were equivalent to 61 cents per share on the \$10 par value shares of the Company. We are informed that, under the Income Tax Act, shareholders residing in Canada may not deduct any percentage of the dividends declared and paid in 1959 on account of depletion, in completing their income tax returns.

## INVESTMENTS

Your Company, as of the close of business on December 31, 1959, had investments of \$1,008,018.06 in Dominion of Canada bonds at varying maturity dates. Investment in these securities was made with cash realized from depreciation and depletion reserves and is maintained as a safety measure to provide for emergency and capital expenditures.

## CAPITAL EXPENDITURES

The net capital expenditure made by this Company during the year amounted to \$584,623.16. Approximately \$400,000 of this capital expenditure was expended for a new sawmill to expand Timber Department operations and for a Coke Breeze Drying Plant to supply dried coke breeze to a new steel plant being constructed by one of our customers.

## PRODUCTION

Coal mined amounted to 517,245 tons as compared with 606,676 tons in 1958. Coke produced amounted to 134,134 tons compared with 173,920 tons in 1958.

## MARKETS

The Company's sales of coal during the year continued to be adversely affected by competition from natural gas and sales of coke were substantially lower due mainly to labor troubles in the plants of some of our United States customers. A new market for our coal has been developed in Japan and approximately 60,000 tons were sold for the period January 1st - March 31st, 1960, followed by a further sale of 225,000 tons for the period April 1st, 1960 - March 31st, 1961. Present estimates indicate that coal sales for 1960 will be approximately 100,000 tons greater than in 1959. Coke sales for the year 1960 are expected to increase approximately 15% over the year 1959.



## EMPLOYEES

Under the wage agreement between District 18, United Mine Workers of America and this Company, which became effective on July 3, 1958, wage rates were increased on July 3, 1959. This agreement expires on July 3, 1960.

## SUBSIDIARIES

Three subsidiary companies are wholly owned, i.e., the Morrissey, Fernie & Michel Railway Company, the Crow's Nest Pass Electric Light & Power Company, Limited, and The Crow's Nest Pass Oil and Gas Company, Limited. According to best information and appraisal available, as at December 31, 1959, the investment in these subsidiaries as reflected on the parent company's books does not exceed the net worth of their assets.

## OIL DEVELOPMENT

Attached to the Financial Statement is a statistical summary of the oil and gas operations of this Company and its wholly-owned subsidiary. This statement also shows annual income from oil and gas operations for the years 1956 to 1959 inclusive. During the year your Company acquired by purchase at Crown auction a 10% interest in 1,280 acres in the Swan Hills oil field and has drilled four producing wells on this acreage. It also acquired a 6 $\frac{2}{3}$ % interest in 43,645 acres in the Alhambra area of Central Alberta. The total cost of these acquisitions was \$294,746.

The Company also participated in the drilling of five wells in the Pembina-Minnehik area, one gas well in the Nevis area and the four wells previously mentioned in the Swan Hills area. All of these wells were brought into production. One well is now being drilled in the Alhambra area. Your Company expended \$142,548.04 as its share of this drilling programme. Plant and equipment costs of the year amounted to \$94,313.25, of which the major expenditure was \$65,000.00 on a gas processing plant and gas gathering system in the Nevis area.

During the year 1959 a court decision was received with respect to the title to the oil and gas rights in Company lands. This decision was adverse to this Company. The case was then appealed to the Court of Appeal of British Columbia and a hearing was held in November, 1959. A decision on this appeal has not yet been received.

## TIMBER

This department operated on a satisfactory basis during the year, with market demand somewhat better than normal. As a result earnings from this department were approximately 20% higher than the previous year. Construction of a new sawmill was commenced in May, 1959, and completed January 31, 1960, for the purpose of increasing lumber through-put by 50% to 75%.

## STOCK OPTIONS

During the year by-law No. 170 was enacted governing the granting of stock options to executive employees of the Company and reserving an aggregate of 20,000 treasury shares for the exercise thereof. The by-law, as stated in the notice of annual meeting, is subject to confirmation of the shareholders thereat. Subject to such confirmation, options have already been granted for a total of 9,000 shares at market or bid price of the Toronto Stock Exchange at or nearest to the date of granting of the options.

## CHAIRMAN—EXECUTIVE COMMITTEE

The Company records with great regret that Mr. Thomas Balmer, Chairman of the Executive Committee, died on August 1st, 1959. Mr. Balmer served this Company with great interest, wisdom and distinction. Mr. Thomas F. Gleed, Seattle, Washington, was appointed to the vacancy on the Board of Directors and also elected Chairman of the Executive Committee.

## CONCLUSION

All plants and equipment are being well maintained and are in excellent condition.

By order of the Board of Directors,

T. G. EWART, *President.*

# THE CROW'S NEST PASS CO

BALANCE SHEET, DEC 31, 1959

## ASSETS

### Current Assets

Cash on hand and in banks.....	\$ 664,781.85	
Treasury bills and deposit receipts (Par value \$200,000.00).....	199,723.77	
Accounts receivable.....	644,576.73	
Accrued interest receivable.....	7,576.51	
Inventories and supplies (valued at cost or book value as certified by a responsible official of the Company).....	799,930.39	
Bonds and shares (market value \$903,291.25)—at amortized cost.....	1,008,095.71	
Prepayments.....	2,036.02	
		\$3,326,720.98

<i>Mortgages Receivable</i> —Employees' housing, less provision for doubtful accounts of \$1,950.00.....	39,133.00
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<i>Deposits</i> .....	106,854.25
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### Wholly-Owned Companies

Share Investments, as appraised by the Company.....	\$ 164,519.17	
Advances to—The Crow's Nest Pass Oil and Gas Company, Limited.....	182,674.95	
—Morrissey, Fernie and Michel Railway Company.....	1,617.78	
		348,811.90

### Fixed—at Cost

Mines, real estate, plant and equipment (at cost \$13,975,091.85 less accumulated depreciation and depletion \$10,419,164.40)	\$3,555,927.45	
Petroleum and natural gas interests—		
Acquisition costs.....	\$1,250,017.25	
Development costs, \$1,412,947.63 less \$1,412,947.63 written off.....		
Production equipment (at cost of \$803,346.50 less accumulated depreciation \$134,940.00)	668,406.50	
	\$1,918,423.75	
		\$5,474,351.20
		<u>\$9,295,871.33</u>

CALGARY, Alberta. February 26th, 1960.

We have examined the balance sheet of The Crow's Nest Pass Coal Company, Limited as at December 31st 1959 and the statements of income and surplus for the year ended on that date, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. Pursuant to Section 118 of the Dominion Companies Act, we report that the profits of the company's wholly-owned subsidiaries are not represented in the above accounts.

In our opinion, subject to the foregoing, the above balance sheet and accompanying statements of income and surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31st, 1959 and the results of its operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the company.

HARVEY, MORRISON & CO.  
Chartered Accountants.



# COAL COMPANY, LIMITED

DECEMBER 31st, 1959

## LIABILITIES

### *Current Liabilities*

Accounts payable.....	\$ 150,435.21
Provincial Government taxes.....	9,204.95
Estimated income taxes—remainder payable.....	137,975.05
	<u>\$ 297,615.21</u>

### *Wholly-Owned Companies*

Advances from The Crow's Nest Pass Electric Light & Power Company, Limited.....	11,809.08
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### *Capital*

Authorized—	
1,000,000 shares with a par value of \$10.00 each.....	<u>\$10,000,000.00</u>
Subscribed and paid up.....	\$ 6,212,666.66

### *Surplus*

Allocated for emergency and capital expenditures.....	1,200,000.00
Earned surplus as shown on accompanying statement.....	1,573,780.38
	<u>8,986,447.04</u>

Approved on behalf of the Board,

THOMAS F. GLEED, *Director*.

F. D. PRATT, *Director*.

\$9,295,871.33

# THE CROW'S NEST PASS COAL COMPANY, LIMITED

## STATEMENT OF INCOME

*For the year ended December 31st, 1959*

Profit from Operations.....	\$1,321,856.70
<i>Less:</i> Executive Officers' salaries.....	\$ 69,315.94
Counsel and legal fees.....	6,200.00
Directors' fees.....	4,000.00
Provision for depreciation and depletion.....	506,840.52
Write off of oil drilling and development.....	134,294.90
	<hr/> 720,651.36
	<hr/> \$ 601,205.34
OTHER INCOME—	
Interest earned and net sundry income.....	63,170.08
	<hr/> \$ 664,375.42
Estimated provision for income taxes, current year.....	285,975.05
	<hr/>
<i>Net Profit for the Year</i> .....	<u><u>\$ 378,400.37</u></u>

## STATEMENT OF SURPLUS

*December 31st, 1959*

Balance, January 1st, 1959.....	\$1,568,088.01
<i>Add:</i> Profit for the year as shown on statement of income.....	378,400.37
	<hr/> \$1,946,488.38
<i>Less:</i> Dividends paid in 1959.....	372,708.00
	<hr/>
Balance, December 31st, 1959, as shown on balance sheet.....	<u><u>\$1,573,780.38</u></u>



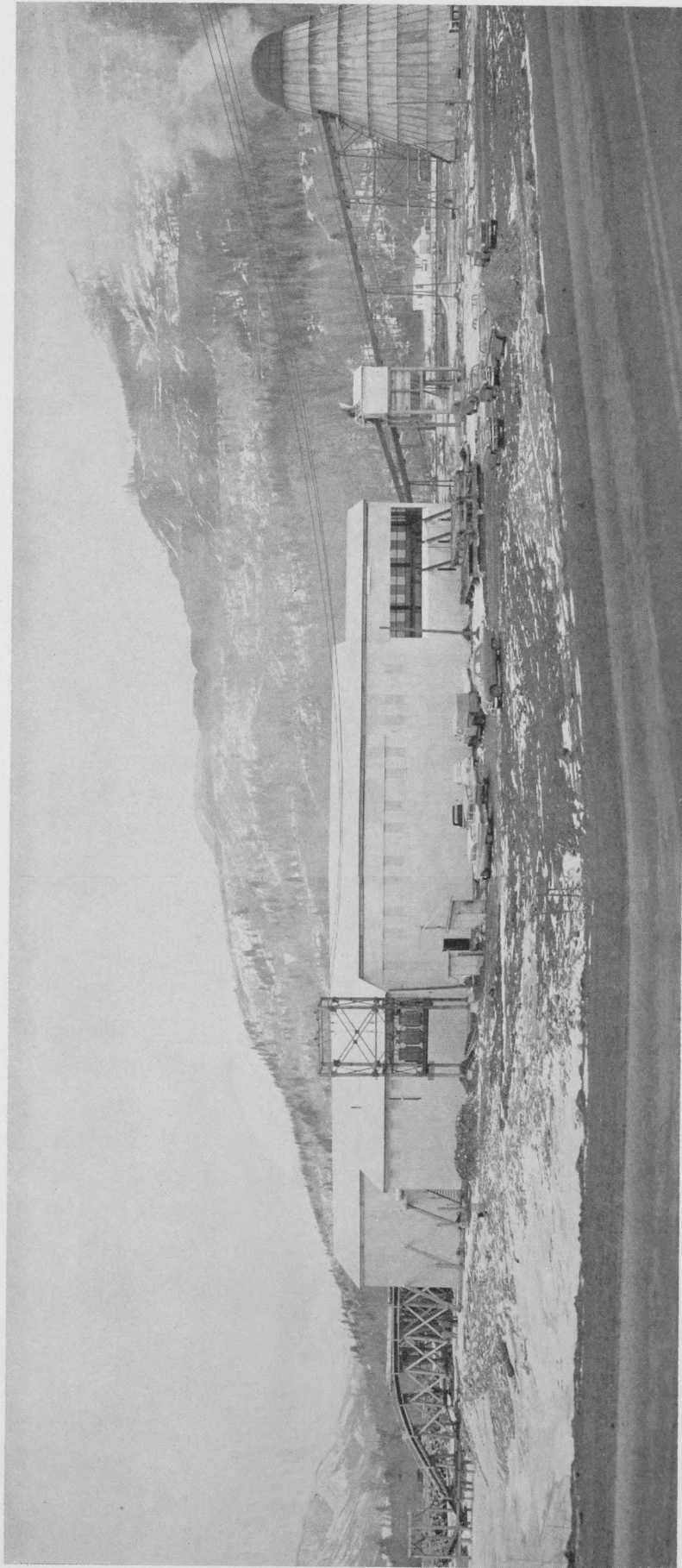
THE CROW'S NEST PASS COAL COMPANY, LIMITED  
and  
THE CROW'S NEST PASS OIL AND GAS COMPANY, LIMITED  
(Wholly-Owned Subsidiary)

STATISTICAL SUMMARY OF OIL AND GAS OPERATIONS FROM INCEPTION TO 31st DECEMBER, 1959

	The Crow's Nest Pass Coal Company Limited	The Crow's Nest Pass Oil & Gas Company Limited	Total
We have expended to December 31, 1959			
On acquisition of oil and gas properties.....	\$1,250,017	\$ 13,425	\$1,263,442
On drilling and development.....	1,412,948	740,018	2,152,966
On plant and equipment.....	803,346	327,642	1,130,988
	<u>\$3,466,311</u>	<u>\$1,081,085</u>	<u>\$4,547,396</u>
Balance of plant and equipment available for Capital Cost allowance under the Income Tax Act.....	\$ 668,407	\$ 161,486	\$ 829,893
Balance of drilling and development available for write-off under the Income Tax Act.....	nil	nil	nil
For this expenditure we have acquired net percentage interests as shown:			
1. Pembina-Buck Lake Area —185 wells..	2.953 %	3.375 %	6.328 %
2. Pembina-Buck Lake Area — 3 wells..	1.969 %	2.250 %	4.219 %
3. Section 13 Buck Creek Unit — 8 wells..	10. %	.....	10. %
4. North Pembina Cardium Unit No. 1—563 wells..	.14502%	.....	.14502%
5. Burbank Joffre Area — 19 wells..	20. %	.....	20. %
— 1 well..	15. %	.....	15. %
6. Nevis Gas Unit — 8 wells..	.6587 %	.....	.6587 %
7. Stettler Unit — 75 wells..	.....	.26737%	.26737%
8. Swan Hills — 4 wells..	10. %	.....	10. %
9. Various holdings of undeveloped and non-pro- ducing properties.....	.....	.....	.....
	bbls.	bbls.	bbls.
Our original drilled reserve (as estimated by our associates in oil operations) were.....	4,374,379	3,214,506	7,588,885
Recovered to date.....	772,188	553,981	1,326,169
	<u>3,602,191</u>	<u>2,660,525</u>	<u>6,262,716</u>
Balance of reserves at 31st December, 1959.....			
Our Net Income after deduction of operating expenses but before write-off of drilling and development and depreciation amounted to:			
1955 and prior.....	\$ 132,546	\$ 165,338	\$ 297,884
1956.....	321,036	290,031	611,067
1957.....	348,536	219,168	567,704
1958.....	312,995	166,221	479,216
1959.....	294,863	163,901	458,764
	<u>\$1,409,976</u>	<u>\$1,004,659</u>	<u>\$2,414,635</u>







NEW SAWMILL CONSTRUCTED DURING 1959









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